



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

FOR IMMEDIATE RELEASE: July 7, 2005

Contact: Maria Velasquez, Communications Director: (619) 235-5725 (pager & voicemail) mvelasquez@sandiego.gov

CITY ATTORNEY FILES LAWSUIT AGAINST OFFICIALS WHO TOOK PART IN THE CREATION OF SAN DIEGO'S MASSIVE PENSION DEFICIT

San Diego, CA: City Attorney Michael Aguirre announced that his office has filed a civil lawsuit on behalf of the People of the State California against eight individuals whose actions helped create the City's massive pension deficit of \$1.7 billion. The persons named are current or former San Diego City employees, San Diego City Employees' Retirement System (SDCERS) employees, or SDCERS board of trustees members. The lawsuit asks the court to set aside pension benefits that the City Attorney has determined were illegally granted.

"The defendants, who had clear economic conflicts of interest, were architects of City Manager's Proposal 1 (1996) and Manager's Proposal 2 (2002), which allowed the City to underfund the pension system in exchange for expansion of employee pension benefits," said City Attorney Aguirre. "The results of defendants' irresponsible actions, which are illegal under both the City Charter and the California Constitution, have jeopardized the City's long-term ability to meet its fundamental obligations not only to innocent retirees but also to all San Diegans who depend on fire and police protection, timely road repairs, and environmental safeguards. Unless these illegal benefits are rolled back, the City will not have enough funds to sustain our quality of life."

The named individuals are: Lawrence Grissom, SDCERS board administrator; Ronald L. Saathoff, a San Diego City fire captain and president of Local 145; John A. Torres, a San Diego Police Department analyst; Sharon K. Wilkinson, a City employee assigned to Qualcomm Stadium; Terri A. Webster, former acting City auditor and comptroller; Cathy Lexin, former City human resources director and labor relations manager; Bruce Herring, deputy City manager; and Lorraine Lee Chapin, the legal counsel for SDCERS.

According to the City Attorney, in requesting that the illegal benefits be set aside, he is acting to protect the legal benefits of retirees. "Rolling back the illegal benefits will restore stability to the pension plan," said City Attorney Aguirre. "It is better to have 100% of an actual benefit than a dwindling percent of a paper benefit."

Presently, there are 18,000 City employees who are contributing to the pension system. Although 5,000 retired employees are receiving benefits, only 800-900 are receiving the prohibited benefits. During the past nine years, the pension system has gone from a funding level of 91.4% to today's funding level of 65.8%.

The City Attorney's action is being taken under a provision of the Political Reform Act of 1974 that empowers the city attorney of a charter city such as San Diego, as its civil prosecutor, to initiate an action on behalf of the People of California.

###